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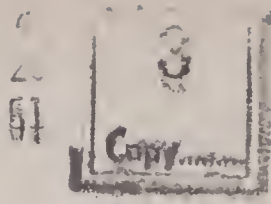


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U. S. BOARD OF ECONOMIC WARFARE.

FATS AND OILS

Immediate Steps Necessary to Avert
United Nations Shortage

February 26, 1942

D.B.M. - J.R.

ACTION NEEDED

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A. To meet shortages, it is recommended that the use of oils and fats be restricted at once in specified ways and for specified purposes:

- (1) Prohibit use of coconut, babassu nut, and palm kernel oils except where full recovery of glycerine will be made.
- (2) Prohibit use of palm oil, except for tin orterne plate, until a reserve of 60 million lbs. has been established for tin orterne plate.
- (3) Require soap manufacturers to recover maximum possible amount of glycerine.
- (4) Secure for the United States the Brazilian output of babassu nuts and maximize production thereof.
- (5) Promptly import copra from areas still accessible and maximize production thereof. (See pp. 15-17)

B. To meet shortages and prevent further shortages, it is recommended that prompt consideration be given to a number of specific suggestions:

- (1) Re-examine use of glycerine and restrict to essentials.
- (2) Utilize immediately stored English and Norwegian holdings of whale oil.
- (3) Determine extent to which production of synthetic glycerine can be increased.
- (4) Determine whether use of soy bean and fish oils should be restricted.
- (5) To conserve shipping, determine extent of imports from Britain containing fats and oils.
- (6) With respect to palm oil and kernels, determine extent to which the British are recovering glycerine from West African imports and are using such imports for margarine; whether the British are taking all of the available supply; whether oil tankers are available to bring oils to the United States from Africa on return trips.
- (7) Consider Argentine surplus supply of flaxseed in relation to United States shortage of fats and oils.
- (8) Consider relaxing duties and excise taxes on imported fats and oils. (See pp. 18-22)

B

But with some 26 units of government agencies now dealing with fats and oils, there is no effective means of carrying out the above and other recommendations and suggestions. Instead there are delays, duplication, contradictory actions, and a lack of an over-all program. Therefore:

- C. It is recommended that authority to make decisions to meet the fats and oils shortage be placed in one individual within the War Production Board.

Such individual would have authority:

- (1) To obtain joint decisions from the most interested cooperating agencies and--in case of deadlocks--to make decisions himself.
- (2) Once decisions have been reached--either jointly or by himself--to delegate responsibility to specified agencies for getting specified action.
- (3) To see to it, through a consulting staff of six representatives to be drawn from only the most important of the agencies interested in fats and oils, that action of all interested agencies was consistent and in accordance with decisions once made. (See pp. 13-14)

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2. But too many government agencies are in the field, duplicating, working at cross purposes.

- (a) Work on fats and oils is being done by at least 8 units in the Department of Agriculture; 3 units in the Department of Commerce; 12 in the War Production Board; as well as in the Department of the Interior, the Board of Economic Warfare, the Tariff Commission, the Office of Price Administration, the Lend-Lease Administration and the Defense Supplies Corporation.

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3. There is no over-all government program, no coordination of activities.

- (a) Why an over-all program is needed. Every estimate, judgment or decision by one official affects nearly all others dealing with fats and oils matters because in industry one fat or oil can often be substituted for another; because the requirements of one country depend upon other countries (for example, if the United Kingdom needs more, U.S. production has to be more, or consumption less); because foreign requirements depend on supplies abroad and the success or failure to increase those supplies, etc.

11

- (b) Present obstacles to an over-all program include: Scattered responsibilities, duplication of effort, working at cross purposes, action by one in ignorance of action by others.

11

- (c) Examples showing need for action to remedy present situation:

United Kingdom's needs still undetermined. In Latin America several agencies have been acting independently on the same problem. An order limiting fats and oils inventories had to be later amended because it was drawn up without sufficient preliminary consultation. Negotiations with United Kingdom representatives on the same problem have been carried out simultaneously by different agencies on different levels. Though there is general agreement as to need to modify duties and taxes on imports, there is complete uncertainty as to which agency is to handle this problem. Maximum recovery of glycerine in soap making depends on the price paid for recovered glycerine; recovery and price are inseparable and have to be considered together.

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APPENDIX A

1. Tentative "Survey of The International Fats and Oils Situation" prepared by Mr. R. M. Walsh and Dr. T. Norman of the Department of Agriculture, February 5, 1942.

 (This survey, summarized in Part I above, contains text and tables showing in detail the 1942 requirements of fats and oils for the U.S., United Kingdom, Canada, Latin America, and Russia.)
2. "Production Goals For 1942: Crop Oils", prepared in the Department of Agriculture, January 9, 1942.

 (This memorandum states in detail recommended increases and adjustments in U.S. production of fats and oils through expanded acreage, price changes, shifts in processing facilities, establishment of reserves, restriction in uses, and possible rationing measures.)

I. WHY THE SURVEY WAS MADE

The minutes of the January 20, 1942 meeting of the War Production Board reveal that "The Vice President pointed out that Mr. Milo Perkins, Executive Director of the Board of Economic Warfare, is reviewing the export and import situation with respect to fats and oils and on his recommendation, the Chairman and Mr. Henderson undertook a similar review of the domestic supply and demand situation."

Because of the availability of a tentative "Survey of the International Fats and Oils Situation" made in the Department of Agriculture, dated February 5, 1942, no independent survey of the whole situation has been made by the Board of Economic Warfare. A copy of the Department of Agriculture's survey, and a copy of "Production Goals for 1942: Oil Crops" prepared January 9, 1942 in the Department of Agriculture, are attached hereto; together they constitute Appendix A. A revision of "Production Goals for 1942: Oil Crops" is now in progress. This revision, however, will make only minor changes. (There is also available a comprehensive collection of statistical material published by the U. S. Tariff Commission on December 15, 1941, entitled "Fats, Oils and Oil-Bearing Materials in the United States.")

It is of critical importance that adequate supplies of fats and oils be procured. The problems relating to procuring needed imports and increasing production are inseparable from the problems relating to ascertaining requirements for domestic consumption, the substituting of more plentiful for less plentiful fats and oils in domestic and foreign industry, and the increasing of domestic production also cut across all the other problems in the field of fats and oils. Hence, the Executive Director of the Board of Economic Warfare has had made a survey of governmental activities having to do with all these problems.

This survey covers the functions which are being performed by Government and the present allocation of these functions among governmental agencies and agency subdivisions. The survey concludes that there are many instances of duplication of activities by different governmental agencies and agency subdivisions, that governmental action has often been undertaken by one agency or agency subdivision in ignorance of action taken or relevant information possessed by another agency or agency subdivision, and that there has been no over-all program and no definite allocation or responsibility for the effectuation of particular functions or projects.

On the basis of these conclusions, and to get quick decision and action on important fats and oils problems, a recommendation has been made that responsibility should be centered in one individual within the War Production Board, who would be assisted by a compact consulting staff drawn from the most important interested agencies. A definite allocation of responsibility is imperative.

The study made at the direction of the Executive Director of the Board of Economic Warfare was designed to indicate what specific lines of governmental action should be pursued and what particular projects should be undertaken at the present time. The program outlined below was formulated after consultation with the experts and others concerned with fats and oils in the Departments of Agriculture and Commerce, the War Production Board, the Board of Economic Warfare, the Tariff Commission and the Office of Price Administration.

Many of the proposals deal with the domestic scene. They are important, from the point of view of the Board of Economic Warfare, because if put into effect they will lessen the need for procuring imports of supplies available abroad and lessen the need for projects to increase production abroad.

Certain proposals are specific and concrete. With respect to the larger number of these proposals, there is agreement among all the experts and others who were consulted. Some of the proposals are more general and need to be translated into concrete action projects. Concerning some of the general proposals and a few of the specific, concrete proposals, there were differences of opinion among the persons consulted.

The indicated need for resolving these differences of opinion and for translating the general proposals into concrete action projects emphasizes the indispensability of centering responsibility on one individual assisted by a consulting staff. But the specific, concrete proposals made below should be put into effect immediately; their adoption and effectuation should not await steps to center responsibility and obtain action with respect to the whole problem.

II. SUMMARY OF THE INTERNATIONAL FATS AND OILS SITUATION

The accompanying balance sheet shows the approximate position of the United States, United Kingdom, and Canada with regard to requirements for and supplies of fats and oils in the calendar year 1942. Total requirements for the three countries, including some 300 million pounds of fats and oils for shipment to the Soviet Union, amount to about 15.5 billion pounds. Home production is estimated at 11.1 billion pounds. Approximately 4.4 billion pounds will need to be imported from surplus-producing areas. The supply of raw materials in surplus areas accessible to United Nations shipping is in excess of 5 billion pounds in terms of oil (excluding the Netherlands Indies), but problems of collection and shipment probably will make it impossible to bring in the total imports needed, particularly in the case of the United States.

Fats and Oils Balance Sheet for the United States, United Kingdom, and Canada, 1942

Item	Quantity
<u>Requirements</u>	<u>Billion pounds</u>
United States:	
Domestic Consumption	11.3
Export to United Kingdom	.5
Export to U.S.S.R.	.3
Export to Latin America	.2
Total, United States	12.3
United Kingdom	2.8
Canada	.9
Total, 3 countries	16.0
Total, excluding duplication	15.5
<u>Home Production</u>	
United States	10.3
United Kingdom	1/.3
Canada	.5
Total	11.1
<u>Imports needed</u>	
United States	2.0
United Kingdom (excluding imports from United States)	2.0
Canada	.4
Total	4.4

Canadian figures are tentative estimates

1/ Includes withdrawals from stock of nearly 0.3 billion pounds of whale oil.

UNITED STATES REQUIREMENTS

Consumption of fats and oils in the United States during 1942 is estimated at 11.3 billion pounds compared with 11 billions in 1941. Another 1 billion pounds will be required for export thereby raising the estimated total requirements to 12.3 billion pounds.

It is expected that total production from domestic materials will approach 10.3 billion pounds. However, since it is considered essential that stocks must not be allowed to fall below the January 1st level, at least 2 billion pounds, in terms of oil, of fats, oils and oil seeds will have to be imported in 1942. While this quantity is potentially available it is extremely doubtful that actual imports will reach this level.

The amounts of particular fats and oils to be imported, in terms of oil equivalent, are as follows:

	Fats and oils Oil equivalent
	Million pounds
<u>Imports</u>	
Tallow	135
Whale oil	20
Cashew shell oil	2
Castor beans	225
Coconut oil	135
*Copra	535
Cottonseed oil	50
Flaxseed	380
Oiticica oil	30
*Palm kernels	20
Babassu and other palm kernels	75
*Palm oil	300
Rape oil	15
Tung oil	30
Total imported Material	1,952

*These supplies should doubtless be viewed as ^{in large part} unavailable.

UNITED KINGDOM REQUIREMENTS

The British Ministry of Food estimates that a total of approximately 2,850 million pounds (oil equivalent) of oils and fats will be consumed in Great Britain in 1942. Of this total it is expected that approximately 300 million pounds will be supplied by drawing on stocks now held in the United Kingdom and the United States, chiefly whale oil. By far the largest part, or some 2,500 million pounds, will have to be imported. The chief items to be imported in terms of oil equivalent are as follows:

	<u>000 pounds</u>
Palm kernels (including copra)	500.976
Palm oil	504,000
Peanuts	400,000
Linseed	212,150
Butter	358,400
Lard	349,440
Others	187,712
Total	<u>2,512,678</u>

As can be seen in the above table, it is estimated that the United States will supply only 350 million pounds of lard. There is a strong feeling, however, that arrivals in the United Kingdom of the various fats and oils will not measure up to expectations during 1942 and the United States may find itself faced with the possibility of having to supply an additional 112 million pounds of lard.

Since the United Kingdom is so dependent on foreign sources for these commodities her position with respect to them cannot be considered favorable in the light of present conditions. Any interruption in shipments between the United Kingdom and Australasia, India or Africa would inevitably result in still greater demands being made on the United States and South America in an attempt to provide substitutes.

CANADIAN REQUIREMENTS

Canadian requirements are estimated at approximately 900 million pounds on the basis of past experience and on the size of the Canadian population. Canadian imports in 1941 were approximately 400 million pounds in terms of oil, and import requirements for 1942 have been

estimated at this figure. Domestic production is assumed to be 500 million pounds. All our calculations in respect to Canada are extremely tentative, but we expect shortly to receive a report from Ottawa giving more definite information.

RUSSIAN REQUIREMENTS

On the basis of the scanty information available it appears that the deficiency in Russian fats and oils supply is at least 500 million pounds and possibly much larger. Recently the Russian Government requested shipments totaling over 300 million pounds for six months. It is believed, however, that total shipments during the entire year will not exceed 300 million pounds. This is estimated on the basis of current shipping. Should more shipping be available this quantity may be increased.

III. WHAT THE GOVERNMENT HAS DONE, AND NOW NEEDS TO DO, TO MEET THE SHORTAGE

1. The Functions Now Being Performed by Governmental Agencies and Subagencies.

(a) Ascertaining Requirements. The determination of requirements is complicated by the large number of different fats and oils and by the fact that within limits substitution of one fat or oil for another is possible. Such substitution may be desirable because of shortages of particular fats or oils or because a particular use of a particular fat or oil may yield more of a needed by-product (e.g., glycerine) than a different use. Requirements must be ascertained not only in terms of fats and oils, but also in terms of fat and oil bearing materials and in terms of end products and by-products (e.g., glycerine, cattle-feed cake and fertilizer meal).

The ascertainment of the requirements of the United Kingdom, the U. S. S. R., Latin America and other countries for exports from the United States, in view of the possibility of substitutions, necessitates procuring detailed pictures of the fats and oils situation in each of these countries. The availability of shipping space for exports must be taken into account.

(b) Ascertaining Domestic Production and Deciding to Promote Increased Production of Particular Fats and Oils. Even when probable production (absent governmental stimulation) has been estimated, decisions can be reached with respect to the promotion of increased production of particular fats and oils only after study of estimates of requirements, estimates of former foreign supplies no longer available, and estimates of new foreign supplies available or capable of being made available.

(c) Ascertaining Foreign Supplies Available and Capable of Being Made Available. Information must be obtained, decisions made, and action taken to secure for importation and to import into the United States supplies of fats and oils available and capable of being made available abroad.

There are now available abroad supplies of fats and oils needed in the United States. Procuring and importing them into the United States frequently involves procuring information and making decisions not only as to their existence but also as to price and competitive buying for other countries. Sometimes negotiations must be carried on with foreign governments which control available supplies, or are purchasing them, or whose nationals are purchasing them. Sometimes foreign governments

must be induced to release to the United States supplies which those governments are importing and to accept in their stead supplies of other fats and oils of which the United States has available surpluses. Decisions and activities with respect to all these matters are dependent upon decisions with respect to financial arrangements, purchases by governmental agencies, etc.

Projects for the increasing of the production of particular fats and oils abroad also require decisions based upon study of requirements and available supply and involve the making of financial arrangements, the creation and operation of procuring or producing units, or both.

Shipping space problems are involved in the securing of available foreign supplies, the increase thereof, and the exportation of substitute oils and fats to induce release for importation into this country of other fats and oils.

In addition to the diplomatic problems the existence of which has been implied in what has already been said, there are other diplomatic problems.

2. The Present Allocation of Governmental Functions.

The principal governmental agencies concerned with fats and oils are the Department of Agriculture, the Department of Commerce, the Department of the Interior, the Tariff Commission, the Board of Economic Warfare, the War Production Board, the Office of Price Administration, the Lend-Lease Administration, the Reconstruction Finance Corporation, and the Defense Supplies Corporation.

The subagencies in the Department of Agriculture concerned with fats and oils are those represented on the Department's Interbureau Coordinating Committee on Fats and Oils: (1) Agricultural Adjustment Administration; (2) Surplus Marketing Administration; (3) Office of Foreign Agricultural Relations; (4) Commodity Credit Corporation; (5) Office of Agricultural Defense Relations; (6) Bureau of Agricultural Chemistry and Engineering; and (7) Bureau of Plant Industry. The chairman (Dr. F. F. Elliott) and the Secretary of the Committee are from (8) the Bureau of Agricultural Economics. The function these agencies perform with respect to fats and oils is suggested by their names. Robert M. Walsh, Secretary of this Interbureau Coordinating Committee, is ~~the~~ ^a fats and oils specialist of the Department of Agriculture. Dr. Theodore Norman of the Surplus Commodities Corporation is concerned with purchases of fats and oils for Lend-Lease.

In the Department of Commerce, the fats and oils specialist is Charles Lund of the Bureau of Foreign and Domestic Commerce. Mr. Lund writes a monthly confidential report on fats and oils which is distributed to a limited number of governmental officials and also an annual report on fats and oils. T. P. Lee of the Bureau of the Census is concerned, among other things, with fats and oils, as is E. F. Hickson of the National Bureau of Standards.

In the Department of the Interior, the Fish and Wildlife Survey is concerned with fish oil.

In the Tariff Commission, Dr. Ben Dorfman is concerned with the economic and industrial aspects of fats and oils. Rodlin Cragg is the expert on the chemistry of fats and oils.

The Board of Economic Warfare's geographical divisions and its export control and imports and shipping divisions are concerned with the foreign aspects of the fats and oils situation. For example, the Projects and Development Section of the American Hemisphere Division sends men into Latin America to promote the increase of supplies for exportation to this country. The Interdepartmental Foreign Requirements Committee and the Policy Committee, which reviews the I. F. R. C.'s recommendations, are concerned with the requirements of the United Kingdom, Russia, Latin America and other foreign countries for fats and oils (as well as for all other commodities.)

In the War Production Board, there are several subdivisions interested in various aspects of the fats and oils situation. In the Materials Division there is a Chemicals and Allied Products Branch; in this Branch, there is an Edible Oils Section (concerned with edible end-products) headed by J. G. Parry and a Protective and Technical Coatings Section headed by J. B. Davis; in the latter section are the Oils and Fats Unit (T. A. Barber), the Soaps and Glycerine Unit (George Wrisley), and another unit (Mr. Coburn) which is concerned (among other things) with cashew nut oil and sperm oil. Each unit head convenes from time to time industry advisory committees composed of representatives of various interests in the particular industry; for example, on February 5, 1942, George Wrisley, chief of the Soaps and Glycerine Unit, presided over a meeting of the Soap and Glycerine Industry's Advisory Committee.

In the Division of Operations in the War Production Board, there is a Food Section (Townson), in which, it is said, a fats and oils specialist will be appointed.

In the Division of Civilian Supply of the War Production Board, four units have been set up: (1) the Food Unit (Sidney Gubin); (2) the Chemical Unit; (3) the Agricultural Unit (Tuckerman);

and (4) the Supply and Requirements Units (Chapman). The Food Unit is concerned with processed fats and oils such as lard, shortening, butter, etc. The Chemical Unit is concerned with fats and oils going into paints, varnishes, etc. The Agricultural Unit is concerned with all unprocessed oils which do not fall within the domains of the Food and Chemical Units. The Supply and Requirements Unit, now being set up, does not seem to have concerned itself, as yet, with the fats and oils situation, and there is considerable uncertainty as to what will be its function.

In the War Production Board, proceedings looking toward the issuance of a formal order with respect to fats and oils (or any other commodity) are initiated by the commodity unit; the proposed order is transmitted from the commodity unit through the section head and the branch head; it is submitted to the Civilian Supply Division and Labor Division; it is cleared through the Legal Division; it eventually reaches the Clearance Committee; it is finally adopted by the War Production Board. Formal orders, after issuance, are administered by the Division of Industrial Operations.

The War Production Board's Offshore Import Priorities Advisory Committee recommends import quotas to the Maritime Commission. The committee is advised by the commodity units and consults experts in other departments of the Government; for example, with respect to import quotas for fats and oils, a representative of the committee consulted with Charles Lund of the Department of Commerce.

In the Office of Price Administration, the Price Division has a Chemical Section in which there is a Protective Coatings Unit. This unit is headed by Mr. Goldberg. This unit is charged with controlling inflation with respect to soaps and glycerine. Other fats and oils (the larger number) are handled by Victor Lea.

The Lend-Lease Administration receives requests for aid from Lend-Lease countries and determines the amount and nature of aid to be rendered. It then allocates funds to procuring agencies (War Department, Navy Department, Treasury Department, Department of Agriculture and Maritime Commission) for procurement of designated goods and services. It authorizes the procuring agencies to transfer completed goods to Lend-Lease countries.

The Defense Supplies Corporation purchases and sometimes stockpiles fats and oils with funds supplied by the Reconstruction Finance Corporation.

3. Lack of Over-all Program and of Coordination of Activities

Nearly every estimate, judgment, and decision made by any governmental official in a matter involving some one fat or oil affects nearly every other estimate, judgment or decision with respect to other fats and oils matters. This is true because, within limits, one fat or oil can be substituted, in industry, for another; because the need for cutting down domestic consumption depends in large part upon the requirements of the United Kingdom, the U. S. S. R., and Latin America for exports from the United States; because the extent to which foreign requirements can be met depends not only upon domestic production but also upon the availability of supplies abroad and upon the possibility of (and upon the success of efforts aimed toward) increasing available supplies abroad, etc.

For these reasons it is obviously imperative that there be a definite allocation of functions among the many agencies and subagencies working in the field of fats and oils; that there be no duplication of activities by different governmental agencies; that no governmental agency take action in ignorance of action taken or relevant information possessed by another agency; and that there be an overall program covering all fats and oils problems arrived at after full consideration of all information available anywhere.

At the present time there is no such overall program and no such coordination of information and activities. A few examples:

(i) As has been shown, information with respect to the whole fats and oils situation in the United Kingdom is essential before an intelligent decision can be reached on the question whether or not the United Kingdom's request for fats and oils should be complied with in full. Until this question is definitely settled, final decisions cannot be reached on the extent to which domestic consumption should be restricted and substitutions in use required, on the extent to which domestic production should be increased, on the extent to which available supplies abroad should be acquired, and on the extent to which supplies abroad should be increased. Yet, during the past few months, different agencies and agency subdivisions have received conflicting information from different representatives of the British with respect to the fats and oils situation in the United Kingdom.

(ii) During the past few months, there has been much work done in the Board of Economic Warfare looking toward the development of increased supplies of fats and oil-bearing materials

in Latin America; for example, babassu nuts in Brazil. The commodity men in the War Production Board have also been working independently on this problem. Conversations with diplomatic representatives of Latin American countries, with officials of the State Department and with officials of the Defense Supplies Corporation have been held independently and without coordination of policies both by Board of Economic Warfare people and by War Production Board people.

(iii) In the War Production Board, the subdividing of fats and oils activities among several units in different branches and in different divisions seems to have resulted in uncoordinated activities. For example, an order limiting inventories of fats and oils has had to be amended because those who drew it up in the first place had not procured information with respect to the industry which was available in other governmental agencies and subagencies. There seem to have been instances of insufficient consultation by one War Production Board subdivision with other War Production Board subdivisions before action was taken.

(iv) The British control the supply of palm kernels in West Africa. They import into the United Kingdom an amount thereof less than the amount which would be available if a higher price were paid for kernels. It is believed that a large part of the kernels imported into the United Kingdom is there used for edible purposes -- in margarine. Several different agencies of the United States Government have been attempting independently to discover whether the British can be induced to let this country have the palm kernels, so that their high glycerine content can be recovered, the British accepting in lieu thereof edible fats or oils of which this country has exportable surpluses. Negotiations with representatives of the United Kingdom have been conducted by one or more of our governmental agencies in ignorance of the fact that others of our governmental agencies have been conducting negotiations with other British representatives on a higher level.

(v) There are import duties and excises on the larger number of the fats and oils. There seems to be general agreement among those concerned with fats and oils that these taxes militate against our getting so much as we should get of the supplies of fats and oils available and capable of being made available abroad. A number of agency subdivisions have expressed concern with this problem. The Board of Economic Warfare has drafted and started toward enactment a bill to suspend the excise on non-Philippine copra and coconut oil.

But there is complete uncertainty as to whose function it is to attack the problem as a whole.

(vi) It is imperative that soapers recover a maximum amount of glycerine. Small soapers cannot recover as large a proportion of the glycerine content of fats and oils as can large soapers, without incurring much greater costs per pound of glycerine than those incurred by the large soapers. In a meeting of the Soap and Glycerine Industries Advisory Committee on February 5, 1942, presided over by George Wrisley, Chief of the Soaps and Glycerine Unit in the War Production Board, it was brought out that the determination of what proportion of glycerine small soapers should be required to recover depended upon the price the Office of Price Administration would authorize to be paid for their glycerine recoveries. Mr. Wrisley felt compelled to say that the WPB advisory committee could not settle the two inseparable problems; the price problem was being handled independently by the Office of Price Administration.

4. Recommendation That Authority to Allocate Functions and Direct Activities be Centered in One Individual

It is imperative that responsibility for action with respect to fats and oils no longer be scattered among as many as twenty-six bureaus and divisions in nine departments or agencies. The experience, information and facilities of all interested agencies need to be brought together in common endeavor. A way is needed to obtain prompt disposition of important undecided questions, as well as to eliminate inadequate, self-defeating or contradictory actions. Seasonal and other factors will increase the losses and wastes and greatly lengthen the delay in making up oil and fat shortages if effective action is too long postponed.

It is therefore recommended that responsibility be centered in one individual, within the War Production Board, who would be assisted by a compact consulting staff of six representatives drawn from the most important of the interested agencies. Such an individual would have authority to obtain joint decisions from the agencies concerned and-- in case of deadlocks-- to make decisions himself. Once decisions have been reached, he would have the authority to delegate responsibility to specified agencies for getting specified action. It would be his responsibility to see to it, through the consulting staff, that action of all interested agencies was consistent and in accordance with decisions once made.

A staff larger than six would be impracticable as an operating unit. However, for the first month or two, it would probably be wise for periodic meetings to be held at which the many governmental officials in the newer agencies, who are charged with taking

actions with respect to problems in the field of fats and oils, would meet together to discuss their common problems. Such meetings would be equally valuable in bringing these officials together with the technical experts in fats and oils in the older governmental departments.

The consulting staff would be drawn from responsible representatives of (1) the sections and units concerned with fats and oils in the War Production Board's Divisions of Materials, Civilian Supply, and Operations; (2) the interbureau Coordinating Committee for Fats and Oils of the Department of Agriculture; (3) the Office of Price Administration's units concerned with fats and oils; (4) the sub-divisions of the Board of Economic Warfare which, as part of the Board's concern with stepping up production abroad, have to do with action programs in foreign countries; (5) the fats and oils specialist of the Department of Commerce; (6) ~~the~~ ^a fats and oils specialist of the Department of Agriculture.

Other agencies, of course, would have to be called on for information and assistance on specific problems. From time to time assistance would be needed from the State and Interior Departments, the Federal Loan Agency, the Lend-Lease Administration, the Maritime Commission, and the Tariff Commission, and from Agriculture Department sub-divisions.

An individual with centralized authority, and through his operating staff, would be able to coordinate the programs and activities relating to fats and oils of the sections and units of the several divisions of the War Production Board. Duplication of activities could be eliminated, while coordinated efforts could be secured, on the part of the War Production Board, the Office of Price Administration, the Board of Economic Warfare, and the Department of Agriculture.

IV. RECOMMENDATIONS AND SUGGESTIONS FOR ACTION*

Action is needed to establish centralized authority and an over-all program for fats and oils. But the following specific recommendations for immediate action should be put into effect immediately and without awaiting disposition of the whole problem.

1. Specific recommendations for immediate action:

A. Domestic:

- *(1) Prohibit the use of coconut oil and babassu nut oil and other species of palm kernel oils in the manufacture of products other than those from which full recovery of glycerine will be made.
- *(2) Prohibit the use of palm oil in the manufacture of any products, except tin orterne plate, until 60 million lbs. has been reserved for the manufacture of tin orterne plate. 1/

* - The recommendations and suggestions marked with an asterisk came out of an informal meeting held on February 16, 1942, and attended by the following:

Louis Bean, British Empire Div., BEW	Sidney Gubin, WPB
John Ritchie, General Counsel's Office, BEW	
George Masselman, Far Eastern Div., BEW	R.H. Cragg, U.S. Tariff Com
Charles Lund, Bur. of For. & Dom. Commerce	Ben Dorfman, U.S. Tariff Com
T. A. Barber, War Production Board	James G. Parry, WPB
G.A. Wrisley, Soap & Glycerine Unit, WPB	John F. Coburn, WPB
A. W. Phillips, WPB	

1/ Mr. Wrisley, Head of the Soap and Glycerine Unit of the WPB, states that a forthcoming Order of the WPB will provide:

"Every person who, on the inventory date (which will be sometime within the next week) has an inventory in the aggregate of 30,000 lbs., by weight of oil or oil content, of these high lauric acid oils, shall set aside his inventory quota of 20% of the total and shall continue to hold such quota subject to the direction of the Director of Industry Operations. The quotas of all such users shall provide the source for the allocation of high lauric acid oils to the extent that the Director of Industry Operations may determine that such substitutes for such oils cannot be found, and that the use of such oils is indispensable and essential for defense purposes, and such quotas shall also constitute a reserve supply of such oils."

- *(3) Require soap manufacturers to recover the maximum possible amount of glycerine in their use of fats and oils. 2/

B. Foreign:

- (1) Secure for this country the Brazilian output of babassu nuts, and press to completion the efforts now being made by agencies of the U. S. Government to maximize the production of babassu nuts in Brazil. 3/

2/ We should ascertain the amount of soap that will be produced in meeting minimum glycerine requirements; we should then ascertain the relationship between this amount and our minimum soap requirements; if these inquiries disclose that the amount of soap produced in satisfying our minimum glycerine requirements will exceed our minimum soap requirements, provision should be made for storing either fatty acids or soap itself, provided it is feasible to do either, to the end that when, after the war, our glycerine requirements are sharply reduced, it will not be necessary to continue to import substantial quantities of fats and oils in order to meet our soap requirements.

3/ Babassu kernels are on the free list in the Brazilian Trade Agreement. Up until this year, we have received practically all of the Brazilian babassu oil; recently, Colombia, Venezuela, other South American countries and Mexico have been taking substantial quantities of babassu at a price over our ceiling of 11½¢ crude, tanks, New York. It is thought that these countries are now buying up babassu for edible purposes to replace the edible oils they formerly obtained from the Far East. Also, by reason of our price ceiling, it seems probable that unless something is done to alleviate the situation, they will continue to outbid us on the babassu they require, up to a point where they can replace these oils with other oils selling for less than babassu. It seems, however, that we could secure the Brazilian babassu output by either (1) purchasing the entire crop, or (2) having some United States agency quote American fat products at prices competitive to babassu.

Dr. Bressman, of the American Hemisphere Division, has sent Mr. Vernon Wright, an expert on babassu, to Brazil in the interest of securing the Brazilian supply of babassu and maximizing its production. Mr. Atherton Lee of the American Hemisphere Division and Mr. Reynolds, an assistant to Mr. Rosenthal, will leave shortly for Mexico and Central America in the interest of encouraging the planting of strategic crops, including vegetable oils. Also Mr. Lund, of the Bureau of Foreign and Domestic Commerce, expects to visit Brazil in the near future, covering the entire country, in the interest of increasing our imports from Brazil of all fats and oils.

2. Suggestions requiring coordinated consideration before being translated into action:

A. Domestic:

- *(1) The present uses of glycerine should be re-examined to the end of restricting the uses of glycerine to essential purposes.
- *(2) Consideration should be given to utilizing, at the earliest possible time, the English and Norwegian holdings of whale oil stored in the Western Hemisphere, particularly the major portion thereof which is stored in the United States, such oil to be utilized by either the United States or England, as appears most feasible taking into consideration prices, shipping facilities, and other relevant factors. 1/
- (3) Further investigation should be made of the extent to which the production of synthetic glycerine can be increased.

1/ Mr. Parry, Chief of the Edible Oils Section of the WPB, brought out the following points:

"The English whale oil arrived right after the outbreak of the war. 123,380,493 pounds is held by the British Food Mission; 4,720,230 pounds is held by British private interests, totaling 127,950,723 pounds, of which 10,858,341 pounds were exported during November, leaving 117,092,382 pounds held in bonded warehouses at New York, Seattle, and New Orleans. England is also rumored to have whale oil stored in the Island of Curacao in the Caribbean. We should check this and if true handle in the same way as whale oil now in this country. It could be transferred in tankers to Mobile or New Orleans and reshipped in tank cars where needed. There were 191,000 long tons on hand in England, August 1941, or 427,840,000 pounds. There is 3,000 tons weekly usage, making a 64 week supply on hand."

- (2) Take steps necessary to import copra as a source of glycerine from areas that are still accessible to us, and maximize the production of copra in such areas. 4/

4/ These areas are the British West Indies, the British, Portuguese and French possessions in Africa, and, unless the present situation in the Pacific makes them inaccessible to us, the British and French South Sea Islands. The estimated supply of copra in these areas is 275,000 tons (63% coconut oil).

- *(4) Investigate whether or not this government should prohibit the use of soy bean oil and fish oils in the drying field, except as they may be used in Fractionation. 2/

B. FOREIGN:

- *(1) With a view to conserving shipping space, an investigation should be made of the extent to which there are imports from Great Britain of materials containing fats and oils. The principal materials contemplated are soap (shaving, toilet and saddle) and polishes.
- (2) An investigation should be made of the following matters concerning West African palm oil and palm kernels:
 - (a) To what extent are the British recovering glycerine from their imports of West African palm oil and palm kernels, and to what extent are these imports going into the manufacture of margarine? This information is solicited because it would seem that the amount of palm oil and palm kernels, if any, going into margarine might better be shipped to this country for the recovery of glycerine, in return for lard to be shipped to Great Britain for margarine.
 - (b) Are the British taking the entire available supply of West African palm kernels and oil? It has been suggested

2/ Mr. Barber, Head of the Fats and Oils Unit of the Protective and Technical Coating Section of the WPB, has made the following statement:

"Soy Bean Oil

This oil has particular value in the production of certain coating materials and therefore, its use in this field should not be absolutely restricted. The quantity desired for these purposes would be limited but they are important especially in view of the difficulty to have available the necessary supplies of the better types of drying and semi-drying oils.

"Fish oil

This type of oil has an exceptionally important value in the protective coatings field, owing to its high iodine value. There are numerous grades of blown and treated fish oils which are considered absolutely essential in paint, varnish, lacquer, and allied industries. Fish oil should also be used by Fractionators."

that at the present British price ceiling it is unprofitable to go far inland for palm kernels and palm oil, but that at our price ceiling, which is higher than the British, it would be profitable to go farther inland.

(c) In the event there is a possibility of this country securing supplies of palm oil and/or palm kernels from the west coast of Africa, the following matters should also be ascertained:

(i) whether or not tankers are now carrying petroleum oil from this country, the Venezuelan coast or such island ports as Aruba and Curacao to refueling points on the west coast of Africa.

(ii) if so, whether or not these tankers are returning empty.

(iii) if so, whether or not these tankers could be used to carry back palm oil and/or palm kernels.

*(3) Prompt consideration should be given to the importance of Argentine flaxseed in relation to this country's shortage of fats and oils. 3/

3/ Mr. Parry, Chief of the Edible Oils Section of the WPB, has made the following significant statement:

"The untapped source of actual oil is linseed oil in Argentina. They now have an exportable surplus of fully 50,000,000 bushels of flaxseed or 1,000,000,000^{1/2} of oil over and above their own and the United States' requirements for paint.

"It is estimated that over 100,000,000^{1/2} of linseed oil could be used this year in the production of soap and glycerine. The amount that could be used would depend upon hydrogenation capacity which is ample for this quantity.

"With the ceiling at 9.71 on Prime Tallow, Linseed oil for glycerine purposes is worth about 8.75¢ f.o.b. point of use, costing about the difference to convert it into a tallow substitute. Relaxation of the duty, so far as this use is concerned, is advisable so that Argentine will be encouraged to produce the oil and to quote the above price. There is at present no ceiling price on Linseed oil in the United States.

"Russia this month took 22,000,000^{1/2} refined deodorized Linseed oil for edible. I understand Russia uses considerable quantities of linseed oil edibly. They will undoubtedly come in for more this year. We should have a substantial quantity of the Argentine surplus in this country

- (4) In the interest of increasing this country's supply of fats and oils, consideration should be given to the feasibility of relaxing duties and/or excise taxes of the United States on all imported fats and oils which are now subject to import duties, taxes or both.

Footnote 3 Cont'd.

3/ from which Russia could draw without disrupting our own supply position in fats.

"The United States flaxseed crushing industry is operating at capacity, having crushed 45,000,000 bushels last year of domestic and Argentine flaxseed. The paint trade is absorbing this output.

"This Argentine flaxseed over and above our paint requirements, however, could be crushed in copra mills which will soon be down when they run out of Philippine copra, or in cottonseed oil mills of the South which normally begin to close down about March 1, and do not re-open until August 1, 1942 when cottonseed begins to move. Flaxseed could be moved in tankers or in deep sea tanks or as bulk cargo to New Orleans for glycerine, soap and lend-lease the flaxseed and linseed oil would come in at lower rates, depending upon the purchase price with the Argentine Government who owns the seed and oil crop.

"P.S. on Linseed, we may be able to get Argentina to move this material in her own boats.

"LINSEED OIL

	<u>"Duty</u>	<u>Excise</u>	<u>Recommended</u>
"Flaxseed	32 $\frac{1}{2}$ ¢	----	Free for glycerine production, and lend lease to Russia. No change for paint and other normal use.
"Linseed oil	4 $\frac{1}{2}$ ¢ bu.	----	Free as above."

In connection with suggestion B (3), further comment concerning this general problem was made by Mr. Barber, Head of the Fats and Oils Unit of the Protective and Technical Coating Section of the WPB:

"I desire to make the following observation: Information received from the Argentine Commercial Secretary. The total quantity of flaxseed available for the year 1942 would amount to 96,000,000 bushels. From this must be deducted the quantity required for planting and domestic crushing.

"Let us assume the quantity available for export
80,000,000 bushels, equivalent to 2,000,000 tons.
The Protective and Technical Coatings Section of WPB desires to import from the Argentine to the United States during the year 1942
30,000,000 bushels, equivalent to 750,000 tons.

The Off Shore Shipping Priority Committee suggested the possibility of arranging space for

20,000,000 bushels, equivalent to 500,000 tons.

However, up to date, they have only approved a quota of

12,000,000 bushels, equivalent to 300,000 tons from Argentina,

1,600,000 bushels, equivalent to 40,000 tons from Uruguay.

In view of the above figures it is necessary to consider the amount of additional space that will be required to bring in Argentine flaxseed to take care of the requirements of the protective coating industries.

"Comparison of the glycerine yield from Babassu kernels and flaxseed.

"One ten thousand ton steamer carrying Flaxseed from the Argentine to the United States could make 5.4 round trips per year--

54,000 tons of seed would be carried per annum.

This would be equivalent to

18,360 tons of Linseed oil.

This would produce 1,836 tons of glycerine.

"The same steamer operating from the United States to Northern Brazil would make 7.7 round trips per year, would carry

77,000 tons of Babassu kernels

which would yield 48,510 tons of Babassu oil.

This would yield

6,792 tons of glycerine.

"From the above it would seem advisable to exert every possible effort to import from Brazil and Central America such oil-bearing seeds and kernels as Babassu and Cahune and other high lauric acid types of material."

APPENDIX A

1. Tentative "Survey of the International Fats and Oils Situation" (prepared by Mr. R. M. Walsh and Dr. T. Norman of Agriculture; dated February 5, 1942; 4 pp. of text, 4 of tables.)
2. "Production Goals for 1942: Oil Crops" (prepared in the Department of Agriculture; dated January 9, 1942; 13 pp. and 3 p. summary.)

UNITED STATES DEPARTMENT OF AGRICULTURE
Surplus Marketing Administration
Washington, D. C.

February 10, 1942

To: Messrs. Louis H. Bean, Victor Lea, M. I. Hutton
H. C. Sykes, and Lt. O'Hanlon

From: E. W. Gaumnitz, Associate Administrator

Subject: Survey of the International Fats and Oils Situation

Herewith is a copy of the Report on the International Fats and
Oils Situation prepared by Mr. R. M. Walsh and Dr. T. Norman.

This report is entirely tentative and is by no means an expres-
sion of the views of the Department of Agriculture.

CONFIDENTIAL

SURVEY OF THE INTERNATIONAL FATS AND OILS SITUATION

Summary

The accompanying balance sheet shows the approximate position of the United States, United Kingdom, and Canada with regard to requirements for and supplies of fats and oils in the calendar year 1942. Total requirements for the three countries, including some 300 million pounds of fats and oils for shipment to the Soviet Union, amount to about 15.5 billion pounds. Home production is estimated at 11.1 billion pounds. Approximately 4.4 billion pounds will need to be imported from surplus-producing areas. The supply of raw materials in surplus areas accessible to United Nations shipping is in excess of 5 billion pounds in terms of oil (excluding the Netherland Indies), but problems of collection and shipment probably will make it impossible to bring in the total imports needed, particularly in the case of the United States.

Fats and Oils Balance Sheet for the United States,
United Kingdom, and Canada, 1942

Item	Quantity
	<u>Billion pounds</u>
<u>Requirements</u>	
United States:	
Domestic consumption	11.3
Export to United Kingdom	.5
Export to U.S.S.R.	.3
Export to Latin America	.2
Total, United States	12.3
United Kingdom	2.8
Canada	.9
Total, 3 countries	16.0
Total, excluding duplication	15.5
<u>Home Production</u>	
United States	10.3
United Kingdom	<u>1/</u> .3
Canada	.5
Total	11.1
<u>Imports needed</u>	
United States	2.0
United Kingdom (excluding imports from United States)	2.0
Canada	.4
Total	4.4

Canadian figures are tentative estimates

1/ Includes withdrawals from stock of nearly 0.3 billion pounds of whale oil.

British Requirements

It is estimated by the British Ministry of Food that a total of approximately 2,350 million pounds (oil equivalent) of oils and fats will be consumed in Great Britain in 1942. This estimate is based on the maintenance of the current weekly ration of one-half pound of oils and fats per person and of maintaining soap manufacture at the current high level in order to extract the maximum amount of glycerin. It may be noted that the fat ration for food is quite close to a minimum, having been reduced from 10 ounces recently as a result of the outbreak of war in the Pacific.

Of the total requirement, it is expected that approximately 300 million pounds will be supplied by drawing on stocks now held in the United Kingdom and the United States, chiefly whale oil. This represents a permanent diminution of the whale oil supply because no more whaling expeditions by the British or Norwegians are projected during the war period. In addition, a small quantity of butter and lard will be produced in the United Kingdom.

The bulk of the British requirements will have to be supplied by imports. The chief items to be imported will be about 500,000 long tons of palm kernels and copra (oil equivalent, 500 million pounds), about 500 million pounds of palm oil, 400 million pounds of oil equivalent in peanuts, 212 million pounds oil equivalent of linseed, 358 million pounds of butter. If all of these imports are obtained, only 350 million pounds of lard will be required from the United States. But it is likely that a good part of the palm oil expected from the Far East will not be obtained, and an additional 112 million pounds of lard from the United States may be needed. Finally, it may be noted that the estimated British consumption of 2.8 billion pounds of fats and oils in 1942 represents a severe reduction from the last pre-war year, 1938, when approximately 4 billion pounds of fats and oils were imported into or produced in the United Kingdom. (Details as to expected imports in 1942 are shown in the accompanying tables.)

Two problems which may arise in connection with the oil supply of the United Kingdom should be mentioned. One is a possible interruption of shipments of butter from Australasia. The only substitution that seems possible is the shipment of butter from the United States, or, as an alternative, the shipment of margarine or hydrogenated oils for the manufacture of margarine. Likewise, it is possible that there may be an interruption of shipping in the South Atlantic. This would threaten imports of palm-kernel and palm oils from Africa and of linseed and peanuts from India, and would also raise the question of substitution for these shipments by additional exports from South America and the United States. These possibilities should be borne in mind, though they have not been accounted for in our calculations.

Canadian Requirements

Canadian requirements are estimated at approximately 900 million pounds on the basis of past experience and on the size of the Canadian population. Canadian imports in 1941 were approximately 400 million pounds in terms of oil, and import requirements for 1942 have been estimated at

this figure. Domestic production is assumed to be 500 million pounds. All our calculations in respect to Canada are extremely tentative, but we expect shortly to receive a report from Ottawa giving more definite information.

Russian Requirements

Information on Russian production and consumption of fats and oils is very scanty, but such figures as we have show that of the 1934 commercial production of 800 million pounds of vegetable oil, about one-half was produced in areas completely overrun by the Germans or in the area of hostilities. Likewise, of the commercial butter output of approximately 435 million pounds in 1938, about two-fifths was in areas similarly affected. Commercial lard and tallow production in Russia seems negligible, the bulk apparently being produced on farms. In any case, the invasion must have seriously reduced the output of these commodities, but, as an offset, requirements have been reduced to the extent that the population has remained in occupied territory.

On the basis of this meager information, it appears likely that the deficiency in Russian fats and oils supply is at least of the magnitude of 500 million pounds, and is possibly much larger. The latest Russian requests for fats and oils shipments totaled over 300 million pounds for six months. However, because of shipping shortages, we do not estimate that total shipments to Russia will exceed 300 million pounds for the year, although, if the shipping is available, this quantity may be increased. It may be noted that thus far in 1942, one purchase of 22 million pounds of linseed oil for Russian account has been made. The purchase of approximately 12 million pounds of lard and fatbacks is being considered for February.

United States Requirements

Consumption of fats and oils in the United States in 1942, if not restricted, is tentatively estimated at 11.3 billion pounds compared with approximately 11 billion pounds in 1941. (This is a minimum estimate; consumption actually may be greater.) Export requirements are placed at 1 billion pounds, including 500 million pounds of lend-lease exports to the United Kingdom, 300 million pounds to the Soviet Union, and 200 million pounds of exports and shipments to Latin American republics and United States territories. Total requirements for primary fats and oils in 1942 thus are estimated at a minimum of 12.3 billion pounds.

Production from domestic materials, as indicated in table 2, is expected to be about 10.3 billion pounds. If stocks are to be maintained at the January 1 level, at least 2 billion pounds of fats, oils, and oilseeds in terms of oil would need to be imported in 1942. The situation in 1943 probably will be somewhat easier, assuming that the production goals for oil crops in 1942 are attained. However, it is now realized that the maintenance of stocks at the January 1 level (about 2 billion pounds), or at a higher level, is necessary to prevent disruption of the processing industry due to temporary shortages of working stocks, and also to provide some reserve for unforeseen contingencies.

Also shown in table 2 is a schedule of imports that might be made in 1942. This schedule has been worked out with due consideration of

British requirements (table 1) and the available supply of fats in surplus-producing areas (table 3). Although approximately 2 billion pounds of fats and oils could be obtained under normal shipping conditions, it is doubtful that actual imports will reach this level. It is uncertain whether supplies in the Netherlands Indies and other Pacific areas can successfully be loaded and transported, and if the war should be extended into West Africa, shipment from other areas might be seriously endangered. A further difficulty arises from the scarcity of shipping space.

Significant changes in the United States fats and oils situation since the preparation of the revised production-goals statement in January 1942 are as follows:

1. Greater importance is now attached to the maintenance of stocks at levels sufficient to ensure adequate working supplies and to provide an emergency reserve.
2. Russian requests for approximately 300 million pounds of fats and oils for lend-lease shipment in the first 6 months of 1942 have been received.
3. The Canadians have indicated a need for soybeans or soybean oil in an unspecified quantity.
4. Information furnished by the British Food Mission indicates that there will be few if any African palm kernels available to the United States in 1942, and that the quantity of palm oil available to the United States will be small. It is reported that palm-kernel oil is extensively used in soap manufacture in the United Kingdom, and that the diversion of supplies of palm kernels to the United States would result in reduced glycerin output in the United Kingdom.

The British Government intends to import only a small quantity of copra and no coconut oil, leaving these commodities available for purchase by the United States. It is also willing to release a small quantity of copra held under contract, provided palm kernels can be obtained in sufficient quantity. In this connection, the British representatives have stated that no licenses are being granted in British territories for exports of fats, oils, or oil-bearing materials to the United States on private account. It is desirable that working arrangements be made with the British for obtaining such materials as are available to the United States in British possessions. Under existing circumstances, the most feasible way to do this is to provide for Government purchases of all fats, oils, and oil-bearing materials in foreign countries. Since January 13, rapeseed oil, coconut oil, copra, palm oil, and tung oil have been listed as "strategic materials", foreign purchases of which may be made only by the Defense Supplies Corporation. Other import items probably should be added to this list.

Table 1. - Requirements of the United Kingdom for fats and oils in 1942

Item	: Oil or oil : Oilseed : equivalent		: Oil or oil : Oilseed : equivalent	
	Long tons	Long tons	1,000 pounds	1,000 pounds
<u>Imports</u>				
Palm kernels (including copra)	497,000	223,650	1,113,280	500,976
Palm oil	---	225,000	---	504,000
Peanuts	509,000	178,150	1,140,160	400,000
Linseed	287,000	94,710	642,880	212,150
Castor seed	35,000	15,750	78,400	35,280
Rapeseed	23,000	8,050	51,520	18,032
Butter (Australasia)	---	150,000	---	336,000
Butter (Eire)	---	10,000	---	22,400
Tallow (Australasia)	---	30,000	---	67,200
Oleo stock (Argentina)	---	30,000	---	67,200
Lard (United States)	---	156,000	---	349,440
Total	1,351,000	1,121,310	3,026,240	2,512,678
<u>Home production and stocks</u>				
Whale and fish oils	---	1/ 127,000	---	1/ 284,480
Butter and other animal fats:	---	20,000	---	44,800
Total	---	147,000	---	329,280
Grand Total	1,351,000	1,268,310	3,026,240	2,841,958

Data furnished by British Food Mission, January 31, 1942

1/ Largely from stocks, including stocks held in the United States. Approximately 63,500 long tons (142 million pounds) of whale oil would remain for consumption in 1943.

Table 2. - Requirements of the United States for fats and oils in 1942

Item	Domestic consumption		Export, including lend-lease	
	: Fats and oils :		: Fats and oils :	
	: Oilseeds	: oil equivalent:	: Oilseeds	: oil equivalent
	Million pounds	Million pounds	Million pounds	Million pounds
<u>Home Production</u>				
Butter		2,350		
Lard		1,900		900
Edible beef fats.....		230		
Inedible tallow and greases		1,550		
Other animal fats....		15		
Marine animal oils...		150		
Corn oil.....		230		
Cottonseed oil.....		1,300		
Linseed oil.....		480		100
Olive oil.....		5		
Peanut oil.....		200		
Soybean oil.....		850		
Tung oil.....		5		
		9,265		1,000
Total domestic material				
<u>Imports</u>				
Tallow (Argentina,				
Australia)....		135		
Whale oil (Argentina)...		20		
Cashew shell oil (India)		2		
Castor beans (Brazil,				
India).....	500	225		
Coconut oil (Ceylon)...	---	135		
Copra (Netherlands Indies)	500	315		
" (Ceylon).....	150	95		
" (Oceania).....	150	95		
" (East Africa)...	50	30		
Cottonseed oil.....	---	50		
Flaxseed.....	1,120	380		
Oiticica oil.....	---	30		
Palm kernels (Nether-				
lands Indies).....	45	20		
Babassu and other palm:				
kernels (Brazil)....	120	75		
Palm oil.....	---	300		
Rape oil (Argentina)...	---	15		
Tung oil (Burma).....	---	30		
Total imported material		1,952		
Grand total.....		11,217		
Balance from stocks:				
Consumption 11 billion				
pounds.....		---		
Consumption 11.5 billion				
pounds.....		300		

Table 3.-Exports of principal fats, oils, and oilseeds (in terms of oil) from surplus-producing countries accessible to United Nations, average 1934-38. available 1942

Area and commodity	Average exports. 1934-38 1,000 lb.	Available for export in 1942 1,000 lb.	Requirements of the United Kingdom 1,000 lb.	Available to United States and other countries. 1,000 lb.
<u>Netherlands East Indies</u>				
Coconut oil	28,642			
Copra (63%)	685,049		45,000	
Palm kernels (45%)	36,002			
Castor beans (45%)	5,684			
Palm oil	376,729		112,000	
Cottonseed (15%)	489			
Sesame seed (47%)	3,378			
Peanuts (30-40%)	15,809			
Peanut oil	14,839			
Total	1,166,621		157,000	
<u>Oceania 1/</u>				
Copra (63%)	105,687			
Butter	528,950		336,000	
Tallow	2/ 141,756	134,400	67,200	67,200
Total	776,393		403,200	
<u>Middle East 3/</u>				
Coconut oil	135,717			
Copra (63%)	100,095			
Peanut oil	11,376			
Peanuts (30-40%)	475,528		200,000	
Flaxseed (34%)	186,214		212,150	
Castor beans (45%)	46,568		35,280	
Castor oil	13,232			
Cottonseed (15%)	1,065			
Rape oil	2,621			
Rapeseed (35%)	23,665		18,032	
Sesame oil	1,907			
Sesame seed (47%)	8,010			
Total	1,005,998		465,462	
<u>Africa 4/</u>				
Castor beans (45%)	4,851			
Castor oil	278			
Coconut oil	1,831			
Copra (63%)	111,165			
Palm kernels (45%)	583,575		455,976	
Palm oil	487,175		392,000	
Peanuts (30-40%)	316,356			
Peanut oil	650			
Sesame seed (47%)	41,788			

Table 3.- Exports of principal fats, oils, and oilseeds (in terms of oil) from surplus-producing countries assessible to United Nations, average 1934-38. available 1942 - continued.

Area and commodity	Average exports, 1934-38 1,000 lb.	Available for export in 1942 1,000 lb.	Requirements of the United Kingdom 1,000 lb.	Available to United States and other countries 1,000 lb.
<u>Africa (cont'd)</u>				
Sesame oil	1,550			
Sunflower seed (25%) . . .	480			
Cottonseed (15%) . . .	179,340			
Cottonseed oil	21,338			
Total	1,750,377		1,047,976	
<u>Latin America 5/</u>				
Coconut oil	512			
Copra (63%)	11,424			
Babassu kernels (63%) . . .	25,873			
Other palm kernels (45%)	3,128			
Castor beans (45%)	93,970			
Castor oil	492			
Cottonseed (15%)	38,952			
Cottonseed oil	41,345	50,000		50,000
Flaxseed (34%)	1,210,224			
Rapeseed (35%)	9,120	15,000		15,000
Sunflower seed (25%) . . .	2,083			
Butter	18,477			
Lard	6/ 33,730			
Tallow	2/ 247,357	138,840	67,200	71,640
Total	1,736,507		67,200	
<u>Grand Total</u>	6,435,896		2,140,838	

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Exports 1934-38 from International Yearbook of Agricultural Statistics and International Institute of Agriculture.

1/ Includes Australia, Fiji Islands, French Oceania, New Caledonia, New Hebrides, New Zealand, and Western Samoa.

2/ Average 1924-28.

3/ Includes Ceylon, India, and Portuguese India.

4/ Includes Angola, Anglo-Egyptian Sudan, Belgian Congo, British Cameroons, Cape Verde Islands, Egypt, French Cameroons, French Equatorial Africa, French Togoland, Gambia, Gold Coast, Kenya and Uganda, Mauritius, Mozambique, Nigeris, Portuguese Guinea, Euanda and Urundi, Sao Teme and Principe Islands, Seychalles Islands, Sierre Leone, Southern Rhodesia, Tanganykia, Tonga, Union of South Africa, Zanzibar.

5/ Includes Argentina, Brazil, British Guiana, British Honduras, British West Indies, Ecuador, Haiti, Paraguay, Peru, Trinidad, and Tobago, Uruguay, and Venezuela.

6/ Average 1934-36.

PRODUCTION GOALS 1942 - OIL CROPSSummary

The United States faces a deficiency in 1942-43 of up to 1,500 million pounds in the supply of fats and oils, even assuming that present production goals are attained. In order that our stocks not be unduly depleted and that we may have an adequate supply for our own needs and for lend-lease as well as for unforeseen contingencies, it is recommended that:

1. The acreage goal for soybeans be increased from 7 to 9 million acres.
2. The acreage goal for flaxseed be increased from 3,367,000 acres to 4,000,000 acres.
3. The acreage of castor beans for oil be increased from zero to 50,000 acres and for seed from 1,000 acres to 15,000 acres.
4. The production of lard, tallow, and greases be stepped up 400 to 500 million pounds by changing the relationship of prices of these products to meat prices.
5. The production of corn oil and miscellaneous byproduct pit and seed oils be increased if possible (90 to 100 million pounds of oil might be obtained from these sources assuming an all out production effort is made and that critical materials can be made available.)
6. No change is recommended in the present peanut acreage goal, but it is extremely desirable to go as much beyond this goal as possible. To achieve such increases, it is recommended that a concerted effort be made by the appropriate agencies to get further acreage increases, particularly in those counties and areas where peanuts can be grown but are not now grown extensively.

The proposed increases in the acreage goals (assuming the cotton acreage will reach 25 million acres) would result in an increase in total oil production of about 460 million pounds above present goals (225 million pounds of soybean oil, 100 million pounds of linseed oil, 10 to 12 million pounds of castor oil and 125 million pounds of cottonseed oil). The increases proposed for lard, tallow, and greases would add another 400 to 500 million pounds. This would still leave 500 to 600 million pounds to be obtained from other sources such as corn oil and other byproduct oils and from increased production of peanuts beyond the present recommended goal. It is probable that a substantial production of whale oil could be obtained if the present burdensome excise tax on whale oil produced in American factory ships from whales caught by foreign labor were removed or suspended.

Summary - 2

To achieve the above increases would necessitate price supporting measures for soybeans, peanuts, castor beans and possibly flaxseed. It also would necessitate changes in present price ceilings for linseed oil, lard, tallow, and greases and probably for peanut, soybean, cottonseed, and castor oils. In addition to these steps it would be necessary to provide processing facilities for 20 million bushels of soybeans, degerminator or solvent extraction facilities for corn and other byproduct oil seeds; as well as hulling machines and storage space for some 34 million pounds of castor beans.

In lieu of these measures, rationing of fats and oils will be necessary. It may be necessary to regulate the use of some fats and oils in any case. It probably would be desirable to divert all available supplies of coconut, babassu, and other palm kernel oils to the production of soap and glycerine, possibly with minor exceptions for other essential industrial products such as plastics. A Government reserve of palm oil should be established from existing commercial supplies sufficient to meet present and prospective needs of the tin and tern plant industry. If consumer rationing is undertaken, it is suggested that it be initiated in soap and in paints and varnishes for non-essential uses.

PRODUCTION GOALS FOR 1942: OIL CROPS

I. Production goals for 1942

Recommended acreage and production goals for the principal oil crops in 1942, with comparative data, are shown in Table 1. Not all the fats and oils that will be needed can be obtained from these crops, and it probably will be necessary to resort to other sources for obtaining additional supplies of fats and oils. Recommendations for further action are contained in Section III (2).

Table 1. - Production Goals for 1942: Oil Crops

Commodity	Acreage				Unit	Production			
	Av.	1942 goal	Orig-	Recom-		Av.	1942 goal	Orig-	Recom-
	1936-	1941	inal	mended		1936-	1941	inal	mended
	40					40			
	1,000 acres					Million units			
Peanuts picked and threshed	1,743	1,964	3,500	3,500	lb.	1,342	1,558	2,625	2,625
Soybeans harvested for beans	3,396	5,855	7,000	9,000	bu.	61	107	126	153
Flaxseed seeded	2,145	3,367	3,367	4,000	bu.	14	31	29	34
Castor beans planted:									
For oil	-	-	1/	50	lb.	-	-	1/	37
For seed	-	-	1/	15	lb.	-	2/	1/	9

1/ No goal established.

2/ Less than 500,000 pounds.

II. Relation of 1942 Goals to Needs

The recommended acreage goals may be best understood if related to the entire fats and oils picture. The following balance sheet shows the situation with respect to probable requirements for fats and oils for domestic consumption and export, including lend-lease, in relation to probable supplies, assuming, first, that the acreage goals set up last September are attained, and, second, that the acreage and other goals now recommended are attained. The new goals would yield about 225 million pounds more soybean oil, 100 million pounds more linseed oil, and 10 to 12 million pounds more castor oil than the goals established in September. About 125 million pounds of cottonseed oil would be added if cotton acreage is increased to 25 million acres. In addition, 400-500 million pounds more lard, tallow, and grease might be obtained by changing the relationship of prices for these commodities to meat prices, and that in an "all-out" program a further 90-100 million pounds of corn oil and other byproduct vegetable oils could be obtained by concerted effort to provide necessary processing facilities. Peanut production probably could be increased considerably beyond the present goal if steps were taken to stimulate production in adapted areas where peanuts are not now extensively grown.

It has not been possible to make a reliable breakdown of the consumption figures for "regular" and "supplemental low-income" needs. Nor is a breakdown shown for "normal" and "reserve" stocks; total stocks are likely to be below normal even if the recommended goals are reached.

Table 2. - Estimated Requirements for and Supplies of Primary Fats and Oils, Crude Basis, Average 1936-40, Year Beginning July 1940, 1941, and 1942.

Item	Average :		Year beginning July			
	:calendar:		: 1942-43			
	: year		:1940-41:		1941-42:	
	: 1936-40:		: goal		: goal	
	: Bil.lb.:	: Bil.lb.:	: Bil.lb.:	: Bil.lb.:	: Bil.lb.:	: Bil.lb.
Domestic disappearance:	:	:	:	:	:	:
Total	: 9.4	: 10.5	: 11.0	: 11.5	: 11.5	
Per capita (pounds)	: (72)	: (79)	: (82)	: (86)	: (86)	
Exports:	:	:	:	:	:	:
Lend-lease	: 0	: 0	: .5	: .8	: .8	
Commercial	: .4	: .4	: .2	: .2	: .2	
Total requirements	: 9.8	: 10.9	: 11.7	: 12.5	: 12.5	
Production from domestic materials	: 7.8	: 9.1	: 9.6	: 1/10.4	: 11.4	
Imports	: 2.1	: 1.6	: 2/1.4	: 2/ 1.0	: 1.0	
Production plus imports	: 9.9	: 10.7	: 11.0	: 11.4	: 12.4	
Factory stocks, June 30 ^{3/}	: 2.3	: 2.3	: 1.6	: .5	: 1.5	
Additional production needed:	:	:	:	:	:	:
to maintain stocks at:	:	:	:	:	:	:
Normal levels(2.0 bil. lbs):	:	:	:	: 1.5	: .5	
Minimum level(1.5 bil.lbs.):	: -	: -	: -	: 1.0	: 0	

- 1/ Inspected lard production is estimated at 33 pounds per hog; non-inspected lard at 31 pounds per hog. Detailed production estimates are shown in Table 3.
- 2/ Assumes that imports from the Pacific will be cut off from December 7, 1941 for an indefinite period, but that imports from other areas will be about 20 percent above the July-October 1941 rate. Imports July-October averaged 172 million pounds per month, of which approximately 105 million pounds originated in the Pacific area and 67 million pounds outside the Pacific area. Assumed imports thus would be about 80 million pounds per month, obtained largely from South America.
- 3/ Includes oil equivalent of imported oilseeds, except flaxseed. 1936-40 figure is for December 31.

Table 3. - Estimated Production of Fats and Crude Oils From Domestic Materials, Years beginning July 1940-42.

Item.	1940-41	1942-42	1942-43 ^{1/}	Possible Production under recommended goals - 1942-43
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Butter: Factory	1,881	-	-	-
Farm	414	-	-	-
Total butter.....	2,295	2,335	2,370	2,370
Lard: Inspected.....	1,489	1,600	1,950	
Other	741	840	900	
Total lard.....	2,230	2,440	2,850	3,150
Hoatsfoot oil	4	5	5	5
Oleo oil	80	90	90	90
Oleostearine	41	50	50	50
Tallow, edible	79	90	90	90
Tallow, inedible, and greases: Factory	1,197	-	-	-
Other	223	-	-	-
Total tallow and grease.....	1,420	1,500	1,550	1,700
Wool grease	14	14	14	14
Fish-liver oil	2	2	2	2
Fish oil	162	180	100	100
Whale oil	1	1	1	1
Total animal.....	6,328	6,707	7,122	7,572
Castor oil	0	0	10	10
Corn oil	170	220 ^{2/}	240	290
Cottonseed oil	1,413	1,250	1,250	1,375
Linseed oil	494	560	510	610
Olive oil	11	5	10	10
Peanut oil	172	85	400	400 ^{2/}
Soybean oil	552	765	900	1,125
Tung oil	5	5	5	5
Miscellaneous oils	2	2	2	50
Total vegetable	2,819	2,892	3,327	3,875 ^{2/}
Total fats and oils.....	9,147	9,599	10,449	11,447 ^{2/}

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Data for 1940-41 are based on reports of the Bureau of the Census, except for factory butter, Agricultural Marketing Service, and inspected lard, Bureau of Animal Industry. Figures for "farm" butter, "other" lard, and "other" tallow and greases are estimates.

- ^{1/} Assuming average crop yields and attainment of original production goals.
^{2/} Does not include corn oil that might be produced from corn germs or dried grain obtained from the distillation industry.

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